

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NEW YORK

FILED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

★ DEC 17 2015 ★

SECURITIES AND EXCHANGE COMMISSION,

LONG ISLAND OFFICE

PLAINTIFF,

06-cv- 6402 (ADS)

v.

CHINA ENERGY SAVINGS TECHNOLOGY, INC.,
NEW SOLOMON CONSULTANTS, CHIU WING
CHIU, LAI FUN SIM a/k/a Stella Sim, SUN LI, JUN
TANG ZHAO,

Related Case No. 13-cv-5364

DEFENDANTS,

and

AMICORP DEVELOPMENT LIMITED, ESSENCE
CITY LIMITED, PRECISE POWER HOLDINGS
LIMITED, YAN HONG ZHAO, AI QUN ZHONG,
TUNG TSANG,

RELIEF DEFENDANTS

**ORDER TO UNFREEZE FUNDS AND TRANSFER FUNDS TO THE SEC FOR
DISTRIBUTION, ESTABLISH A FAIR FUND FOR HARMED INVESTORS, APPOINT
A TAX ADMINISTRATOR AND APPOINT A DISTRIBUTION AGENT**

The Court having reviewed the United States Securities and Exchange Commission's
("SEC" or "Commission") Motion to Unfreeze Funds and Transfer Funds to the Commission for
Distribution, Establish a Fair Fund for Harmed Investors, Appoint a Tax Administrator, Appoint
a Distribution Agent (the "Motion") and for good cause shown,

IT IS HEREBY ORDERED:

UNFREEZING AND TRANSFER OF FUNDS

1. Within 10 days after entry of this Order, Fidelity Investments (“Fidelity”), shall unfreeze and transfer the entire balances of the following National Financial Services LLC (“NFS”) accounts to the SEC for distribution to the harmed investors:
 - a. Amicorp Development Limited, NFS Account CVC-xxx-xxx344;
 - b. Precise Power Holdings Limited, NFS Account CVC-xxx-xxx677;
 - c. Zhao Yan Hong, CVC-xxx-xxx339; and
 - d. Essence City Limited, NFS Account, CVC-xxx-xxx757.
2. Payment must be made in one of the following ways:
 - a. Payment may be transmitted electronically to the SEC, which will provide detailed ACH transfer/Fedwire instructions upon request;
 - b. Payment may be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
 - c. Payment may be made by certified check, bank cashier’s check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169
 - d. Payments by check or money order must be accompanied by a cover letter identifying the case title, civil action number, and the name of the Court.

FAIR FUND

A fair fund is established pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended by the Dodd-Frank Act of 2010 [15 U.S.C. § 7246(a)], from the funds transferred from Fidelity to the SEC under the case name designation “SEC v. China Energy Savings Technology, Inc., et al.,” pursuant to the Final Judgments entered in this case (the “Fair Fund”).

TAX ADMINISTRATOR

1. Damasco & Associates LLP (“Damasco”) is appointed as Tax Administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, with respect to the Fair Fund.
2. Damasco shall be designated the Tax Administrator of the Fair Fund, a qualified settlement fund (“QSF”), pursuant to Section 468B(g) of the Internal Revenue Code (“IRC”), 26 U.S.C. § 468B(g), and related regulations, and shall satisfy the administrative requirements imposed by those regulations, including but not limited to (a) obtaining a taxpayer identification number, (b) filing applicable federal, state, and local tax returns and paying taxes reported thereon out of the Fair Fund, and (c) satisfying any information, reporting, or withholding requirements imposed on distributions from the Fair Fund. The Tax Administrator shall contemporaneously provide copies of all such filings to the Commission’s counsel of record.
3. The Tax Administrator shall, at such times as the Tax Administrator deems necessary to fulfill the tax obligations of the Fair Fund, submit a declaration of the amount of taxes due to Commission staff. Commission staff is authorized, after its review of supporting documentation, to approve and arrange payment of all tax obligations owed by the Fair Fund directly from the Fair Fund without further approval of this Court.

4. The Tax Administrator shall be entitled to charge reasonable fees for tax compliance services and related expenses in accordance with its agreement with the Commission. The Tax Administrator shall, at such times as the Tax Administrator deems appropriate, submit a declaration of fees and expenses to Commission staff. Commission staff is authorized, after its review of supporting documentation, to approve and arrange payment of all fees and expenses owed by the Fair Fund directly from the Fair Fund without further approval of this Court.

DISTRIBUTION AGENT

1. Kurtzman Carson Consultants, LLC ("KCC") is appointed to serve as the Distribution Agent for the Fair Fund to assist in overseeing the administration and the distribution of the Fair Fund in coordination with Commission staff, pursuant to the terms of a Distribution Plan to be approved by this Court.
2. KCC shall perform services described in the Motion in accordance with the pricing schedule and cost proposal submitted to Commission staff. Such services may include, but are not limited to, developing a distribution plan, determining the identities of injured investors and amounts lost, establishing a claims process to evaluate and verify claims, fielding inquiries from investors and managing the ultimate distribution of the Fair Fund. In completing these tasks, KCC may hire economic and other experts.
3. KCC will coordinate with the Court appointed Tax Administrator, Damasco, to ensure that the Fair Fund complies with all related legal and regulatory requirements, including but not limited to satisfying any reporting or withholding requirements imposed on disbursements from the QSF.

3. Once a distribution plan is approved, KCC will submit quarterly progress reports to the Commission staff. When the distribution of funds has been completed, a final accounting report in a format to be provided by Commission staff will be submitted by KCC. Commission staff shall file the final accounting report with the Court for approval once it has been reviewed by Commission staff and the Commission staff has determined it has no objections.
4. KCC will be entitled to reimbursement and compensation from the Fair Fund for the reasonable costs, fees, and other expenses incurred in the performance of its duties. KCC will provide a copy of its invoice for review and approval by the Commission staff on a quarterly basis, which shall include supporting documentation to justify the expenses or services rendered. The Commission staff is authorized to review, approve and pay all future fees and expenses of the Distribution Agent without further order of the Court.
5. KCC may be removed *sua sponte* at any time by the Court or upon motion of the Commission and replaced with a successor. In the event KCC decides to resign, it will first give written notice to the Court and to the Commission's counsel of such intention, and the resignation, if permitted, will not be effective until the Court appoints a successor.

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17 day of DECEMBER, 2015.

s/ Arthur D. Spatt

United States District Judge